

CABLE SECRETARIAT DISSEMINATION

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PRECEDENCE

BY: [REDACTED] AT: [REDACTED] Z

DISSEM BY: [REDACTED] PER: [REDACTED]

☐ FILE ☐ RETURN TO: [REDACTED] BRANCH

ACTION NO. [REDACTED]

ACTION NO. [REDACTED]

[REDACTED] 01 [REDACTED] SEP 70 CITE SANTIAGO [REDACTED]

IMMEDIATE DIRECTOR

SECTION 1 OF 2

1 OCT [REDACTED]

FOR UNDERSEC JOHNSON AND DR. KISSINGER (EYES ONLY)

FROM AMB KORRY

SITREP OCT 1.

1. ALLENDE REJECTION OF PDC IS MAJOR DEVELOPMENT. ALTHOUGH LEFTIST PRESS SEEKING TO PRESENT ALLENDE'S RESPONSE AS "POSITIVE" AS TRUMPETED BY ALL HIS CONSIDERABLE ASSETS IN MEDIA, THEY CANNOT BURY PDC LEADER PRADO'S STATEMENT THAT REPLY WAS "UNSATISFACTORY". ALLENDE'S TACTIC DOES PROVIDE A POLITICAL LEVER WE HAVE BEEN SEEKING FROM THE OUTSET. BUT I HAVE MY DOUBTS THAT FREI OR THE PDC JUNTA CAN BE PERSUADED TO TAKE THE STEP THAT BENES TURNED AWAY FROM IN 1948.

2. TO PROVIDE ADDITIONAL PRESSURE FOR THAT STEP AND TO STRIP AWAY ANY ILLUSIONS, I INFORMED [REDACTED]

Declassified and
Approved for Release
July 2000

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392

E. SECRETARIAT. DISSEMINATION

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N. NO.

PAGE 2 SANTIAGO

FOR THE POST-ALLENDE PERIOD.

THE PDC HAVE TOO LONG COUNTED ON THE US TURNING THE
 OTHER CHEEK AND ALTHOUGH I HAVE DONE A GREAT DEAL TO END
 THE MUTUALLY DEBILITATING LINK THAT MY PREDECESSOR FORGED
 WITH FATAL DAMAGE TO BOTH, I WANTED THEM TO KNOW BEFORE THE
 JUNTA THAT IT IS NOW OR NEVER.

3.

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PAGE 3. SANTIAGO

4. TODAY IS OCT 1 WHEN A GREAT MANY BILLS COME DUE THROUGHOUT THE ECONOMY. HOW ENTERPRISES AND THE GOC REACT TO THE CONFLICTING PRESSURES WILL HAVE ADDITIONAL SIGNIFICANT IMPACT. BUT THE UNCERTAINTY CREATED BY THE NEGATIVE ALLENDE RESPONSE WILL NOT IN MY OPINION PROVIDE INCENTIVE TO THE PUBLIC TO REDUCE ITS ENORMOUS LIQUIDITY AND BEGIN BUYING.

5. THE CHUQUICAMATA (ANACONDA) MINERS WENT OUT ON STRIKE AT MIDNIGHT TODAY. THE FACT THAT THE GOC DID NOT SOFTEN IS VERY INDICATIVE AND HEARTENING. IT FOLLOWED A

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PAGE 4 SANTIAGO [REDACTED]

MESSAGE THAT I SENT [REDACTED] THE MORNING OF SEPT 29TH TO THE EFFECT THAT ANACONDA WAS WILLING TO CEDE BECAUSE OF GOC PRESSURES ON IT TO CEDE BUT THAT THE COMPANY WOULD FOLLOW THE GOC LINE. IT IS INTERESTING TO NOTE THAT MINMINES HALES, PREVIOUSLY CONSIDERED DOUBTFUL, IS NOW PLAYING HIS ROLE LOYALLY WITH FREI.

6. WE SHALL HAVE SHORTLY THE EIGHT POINTS THAT THE PDC PRESENTED TO ALLENDE BUT HAS HID FROM THE PUBLIC AT ALLENDE'S REQUEST. THESE MUST BE LEAKED, [REDACTED]

[REDACTED] WHO IS WRITING PAP GENERALLY BUT MY PREFERENCE IS A VERY STRONG EFFORT BY YOU TO GET THEM TO THE U.S. PRESS--AN EXCLUSIVE TO THE WASHINGTON POST WOULD BE MY SUGGESTION (I AM SENDING A SEPARATE MESSAGE RE THE POST TO HELMS.) THEY WILL ALSO BE MADE AVAILABLE TO MERCURIO HERE.

7. IN THIS CONNECTION I AM SENDING AS MUCH UNCLASSIFIED MATERIAL VIA STATE SO AS TO EASE THE LEAKAGE PROBLEM.

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PAGE 5 SANTIAGO [REDACTED]

SEE SANTIAGO [REDACTED] TODAY ON THE PDC'S STATEMENT RE ALLENDE
AND ALSO THE DAILY PRESS SITREPS I HAVE BEGUN YESTERDAY
WITH SANTIAGO [REDACTED] **
TODAY'S WILL INCLUDE THE FACT CON-
TAINED IN SANTIAGO [REDACTED] ***
THAT FREI'S INTERVENTION AT
VINA DEL MAR IS STILL TOTALLY UNREPORTED IN THE MEDIA,
THE MOST TELLING INDICTMENT OF THE MUZZLING OF THE PRESS.

8. I HAVE JUST READ IN THE PRESS CLIPS TAD SULCZ
TIMES STORY OF SEPT 21 WHICH CLEARLY INDICATES THAT ONE OF
HIS PRIME SOURCES IS [REDACTED] AND I WOULD MAKE THE FURTHER
GUESS THAT [REDACTED] IS ALSO A SOURCE. I BELIEVE IT USEFUL
TO HAVE THEM SPREAD THE WORD OF U.S. NON-INVOLVEMENT
SINCE THAT WAS ALSO MY PURPOSE IN THE PRE-VOTING AND
POST-VOTING SESSIONS I HAD WITH THE U.S. PRESS HERE. AS
A CONSEQUENCE WE DO NOT HAVE ANY EFFECTIVE U.S. REPORTERS
IN TOWN AND THAT IS A GREAT BLESSING-- [REDACTED] BEING THE
ONLY ONE WHO REMAINED ONCE THE NEWSMEN WERE CONVINCED WE
WERE NOT GOING TO INTERVENE. HOWEVER IT IS OF THE [REDACTED]

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PAGE 6 SANTIAGO

UTMOST IMPORTANCE THAT THE [REDACTED] NOT HAVE THE SLIGHTEST WHIFF OF WHAT IS GOING ON EXCEPT THROUGH THE UNCLASSIFIED CABLES MENTIONED ABOVE AND THAT THE USG CONTINUE TO GIVE THE APPEARANCE OF CONFRONTING QUIETLY THE "INEVITABILITIES".

9. WHILE HOPING FOR THE BEST, WE CONTINUE TO PREPARE FOR THE WORST. WE HAVE SOUGHT TO ESTABLISH A POSITION COMPATIBLE WITH OPTION TWO IN THE ALLENDE CONTINGENCY PAPER PREPARED BY THE DEPT FOR THE NSC--COOL CORRECT AND FRAGMATIC. OUR CONTACTS WITH CHILEANS ARE THE MINIMAL POSSIBLE BUT THE CHILEANS ARE EDUCATING ALLENDE ABOUT THE REALITIES OF CHILE'S DEPENDENCE ON THE U.S. I BELIEVE THE TIME HAS COME TO CONSIDER WHEN I SHOULD COME TO WASHINGTON FOR MEETINGS TO SET OUR POLICY AND TACTICS. I WOULD SUGGEST THAT BARRING UNEXPECTED DEVELOPMENTS, I TRAVEL EARLY NEXT WEEK AND THAT ALL APPROPRIATE MEETINGS BE ARRANGED WITH POLICY-MAKERS. AT THE SAME TIME I THINK IT WOULD BE USEFUL THAT I BE MADE AVAILABLE FOR OFF THE

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PAGE 7 SANTIAGO [REDACTED]

RECORD QUESTIONING BY KEY CONGRESSIONAL AND SENATORIAL GROUPS AND EDITORS FOR THE PURPOSE OF PROVIDING REASSURANCE ABOUT U.S. NON-INTERVENTION WHILE FURNISHING SOME OF THE TRUE NON-POLEMICAL FACTS ABOUT WHAT IS ACTUALLY OCCURRING IN CHILE.

10. THE ACTIONS TAKEN BY WASHINGTON AS DETAILED IN YOUR *** ARE HELPFUL. I THINK THAT THE UNCLASSIFIED CABLES MENTIONED ABOVE PROVIDE A BASIS FOR CONVERSATIONS WITH [REDACTED] AND OTHERS WHOSE VIEWS AND ACTIONS COULD BUTTRESS OUR EFFORTS HERE.

11. [REDACTED]

*

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*** Message from Alexis Johnson to Amb. Korry outlining steps taken in the economic and financial field, in response to recommendations from Korry.